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## Five value-added ideas for Budget

**By For The Straits Times, Ivan Png**

THIS is the time of the year when the Ministry of Finance and various other ministries prepare their workplans and budgets for the next financial year. I ask them to consider five suggestions for Budget 2007/08.

The Budget for financial year 2006/07 was $30.62 billion. With such a large amount to spend, it is a challenge to ensure that every dollar is well spent. It is even more challenging because no department or agency has overall charge to ensure 'value for money'.

We do have an auditor-general. However, his scope of work is limited to checking the sums and literally counting money. Last year, his report included such gems as a mistaken Giro deduction of $3,020 by the Ministry of Home Affairs and $437 jackpot overpayment by the Paya Lebar Air Base officers' mess.

Such discoveries are amusing but trivial when compared to a $30.62 billion budget. It would be much better for the auditor-general to focus on 'value for money'.

Indeed, this is the practice in Australia, Hong Kong and Britain. For instance, Australia's attorney-general has reported on the effectiveness of quarantine and the army's upgrade of its M-113 armoured personnel carriers. The British National Audit Office studied the merger of five government units into the Office of Communications to draw lessons for consolidation.

By contrast, our attorney-general seems to miss the wood for the trees. He should really focus on big ticket items. For instance, what has been the return on the various technopreneurship funds? What is the value-added from HDB upgrading? Why did the Government build three auditoriums within a hundred metres of one another - the Parliament Building, the Treasury Building and the Supreme Court? Are they well utilised?

One of the largest items in the Budget is wages and salaries. It is important that civil servants be paid competitively. This ensures that talented people aspire to enter government service. It also discourages corruption.

But it is also important that civil servants not be over-compensated. One obvious item is the two months tax-free car allowance for senior civil servants. This raises two issues. Why is it tax free? Why is it pegged to the officer's monthly salary rather than the price of cars?

In Parliament, Defence Minister Teo Chee Hean explained that the car allowance was calibrated on a net of tax basis. Nevertheless, would it not be more transparent and equitable to pay a larger allowance and make it taxable? This would be truly in line with the private sector. It would also remove the disparity of higher income officers, who would be in higher income tax brackets, getting a bigger tax benefit.

Further, with the prices of cars and COEs having dropped sharply in recent years, surely a civil servant does not need two months of salary every year to pay for a car? Again, it would be more transparent and equitable to peg this benefit to the private sector practice, which is typically a fixed cash all owance.

As the Government expands its functions, more of its responsibilities have been hived off to statutory boards, which are owned (indirectly) by the public and should be no less transparent than publicly listed companies. From last year, statutory boards have been disclosing the remuneration of key management personnel in their annual reports. This is a good step, in line with Financial Reporting Standard 24, which publicly listed companies must comply with.

But statutory boards still seem to fall short on one dimension. Listed companies now report individual directors' compensation, albeit in rather wide $250,000 bands. But at least three statutory boards - the Energy Market Authority, Institute of Southeast Asian Studies and National Environment Agency - do not report directors' remuneration in detail. Statutory boards should provide the same level of disclosure as listed companies: If the directors are civil servants on secondment from the government, their civil service compensation should be reported.

As a further step towards good governance of government agencies, I suggest that all statutory boards publish their past five years' annual reports on their websites. Some boards, including A*STAR, the Central Provident Fund and Monetary Authority of Singapore, already do this. All others should follow this practice.

My final suggestion is motivated by our globalised economy. Singapore businesses, employees and their families venture overseas. We also strive hard to attract foreign investors and talent. One difficulty that businesses and families face in making plans is that our calendar of public holidays, school terms and examinations is published only one year in advance. Businesses plan global meetings, and likewise, schools and families plan overseas student exchanges, years in advance. Should not the Government publish the calendar at least five years ahead? That would be truly forward looking.

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**TOO HIGHLY GEARED?**

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